

CITY OF NEWTON, MASSACHUSETTS

PURCHASING DEPARTMENT

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Fax (617) 796-1227

May 31, 2011

ADDENDUM #1

REQUEST FOR PROPOSAL #11-87

ANNUAL – STOP LOSS

THIS ADDENDUM IS TO: **Change the Opening Date of this Proposal and to provide updated bid pages 45-48 for bidders reference and answer the following Questions:**

OPENING DATE CHANGED TO: JUNE 10, 2011 AT 10:30 A.M.

Q1. We are requesting a full Subscriber Excel census showing the following information: medical stop loss covered Employee name, date of birth, gender, single or family coverage selection, plan selection, active/retiree/COBRA status and zip code.

A1. See attached. We have left out the employees' names and zip codes to protect privacy.

Q2. May enrollment numbers - Single 1476 lives - Family 1592 lives

The RFP that was sent out has significantly different numbers (1536 for single, 1625 for family). Would someone be able to help with this issue? There is a difference of almost 100 lives which can impact the quote.

A2. This was incorrect. We are sending out an updated Attachment F with correct numbers.

Q3. Also, I am being told by one of my carriers who breaks out the numbers that there are only 2800 contracts listed on the RFP census.

A3. See above.

Q4. Can you provide the following information so that we may better secure the City and provide you with the most cost efficient plan. "Nurse Case Manager Notes" on all active large claimants who are NOT excluded from renewal. Please disclose all current members who are lased at higher deductible, or excluded from the renewal offer?

A4. Tufts and Harvard's turnaround time for this information is over 2 weeks. We will be providing information for several cases from Tufts and Harvard on or about Tuesday, June 7, 2011.

Q5. We are requesting a copy of the census on tan excel spread sheet. This is very important for us to obtain a quote for your stop loss coverage.

A5. See attached.

Q6. The price form (which is an old form from 2010) is requesting quotes at the \$200k, \$225k and \$250k spec deductible levels. Is this correct? The current deductible level is \$250k and normally levels under the current deductible are not requested. We just want to verify what the City wants.

A6. Yes, we would like quotes at all 3 levels.

Q7. We have a carrier requesting additional claims information for the following: Tufts: DOB 11/11/1950, DOB 9/19/1968, DOB 4/21/1946 and DOB 2/19/1947 - HPHC Claimant 1

A7. See question 4.

All other terms and conditions of this bid remain unchanged

PLEASE ENSURE THAT YOU ACKNOWLEDGE THIS ADDENDUM ON YOUR BID FORM.

Thank you.

A handwritten signature in black ink that reads "Rositha Durham". The signature is written in a cursive, flowing style.

Rositha Durham
Chief Procurement Officer

Attachment F- Page 1

12/18 Contract

Price Proposal

Proposer: _____

Addendum No. _____

Tufts EPO, POS and Harvard Pilgrim EPO
For City of Newton
Specific Stop-Loss:
7/01/2011 to 6/30/2012

DEDUCTIBLE	CONTRACT TYPE	ENROLLMENT	MONTHLY RATE	EST ANNUAL COST
\$250,000	Individual	1476		
	Family	1592		
	Total	3068		
\$225,000	Individual	1476		
	Family	1592		
	Total	3068		
\$200,000	Individual	1476		
	Family	1592		
	Total	3068		

ATTACHMENT G

Contractual Requirements

The reinsurance contract awarded and signed by the City of Newton will comply with all of the following requirements:

1. Reinsurance will apply to the plans named in this Request for Quotations, which are currently administered by Tufts Total Health Plan and Harvard Pilgrim Health Care.
2. For the above named health plans, reinsurer will reimburse City of Newton for claims exceeding the specific deductible per claimant based on the policy terms selected by the City of Newton.
3. Reinsurer will cover subscriber plus dependents including covered retirees and COBRA beneficiaries.
4. Reinsurer will cover all benefits of City of Newton's health plans, including but not limited to medical, prescription drugs, mental and nervous treatment, substance abuse treatment and current and future government mandated benefits. (*Note 1: City of Newton plans are not ERISA plans, and City of Newton adopts state and federal government mandated benefits.*)
5. Reinsurer will cover mental health/nervous claims at the same level as medical/surgical claims.
6. Reinsurer will reimburse City of Newton based on the contractual basis of payment applied by the claims administrator/health plan even if basis of payment exceeds charges. Reinsurer will not pay the lesser of charges or actual contractual basis of payment.
7. Reinsurer will not exclude from coverage covered employees, dependents of employees, retirees, and dependents of retirees with pre-existing conditions.
8. Reinsurer will not exclude from coverage covered members who are not actively at work at the time the policy goes into effect or during the term of the policy.
9. Reinsurer will not exclude from coverage dependents who are hospitalized or otherwise institutionalized at the time the reinsurance policy goes into effect.
10. Reinsurer will not exclude from coverage "Late Entrants" into the City of Newton health plans, such as new hires and those who have lost other coverage as through a spouse.
11. Massachusetts municipal employees hired prior to April 1986 did not pay into Medicare, and, therefore, many not have Medicare eligibility. Therefore, the reinsurer selected by the City of Newton agrees to reimburse for excess claims for retirees who are 65 and older and not eligible for Medicare.
12. Reinsurer will cover all City of Newton plan members at the selected specific deductible and with a either a maximum benefit payable of not less than \$2 million benefit, depending upon the option selected by the City of Newton. No special underwriting for high cost claimants, i.e. no "lasering" will be permitted.
13. Reinsurer will designate surcharges imposed by the Mass. Uncompensated Care law of 1997 paid on hospital charges and outpatient facility charges including day surgery centers as eligible claims expenses for the City of Newton.
14. Reinsurer will designate surcharges paid to the Pool Administrator of the State of New York under the New York Health Care Reform Act of 1996 as eligible claims expense for the City of Newton.
15. Reinsurer will reimburse for claims that exceed the specific deductible according to the policy when filed late because the health plan/claims administer did not report the claim to the client in a timely manner, provided the client reports the claim to the broker or carrier within five business days of receipt of the information from the health plan.

**STATEMENT of COMPLIANCE with CONTRACTUAL REQUIREMENTS
in ATTACHMENT G of CITY OF NEWTON REQUEST for QUOTATIONS for REINSURANCE**

The undersigned certifies that if the reinsurance carrier, _____,
Name of Carrier

is awarded the reinsurance contract sought through this Request for Proposal process, carrier will enter into a contract with the City of Newton that complies with all of the contractual requirements specified in **Attachment G** of the City of Newton's Request for Quotations issued May, 2011 and proposals due June 3, 2011. There will be no exceptions. If the reinsurance carrier's standard contract does not meet all of the requirements specified in Attachment G, carrier will prepare, sign, and submit amendments to the contract in a timely manner to render the contract in compliance.

The undersigned also acknowledges that if reinsurance carrier does not comply with Contractual Requirements, the City of Newton will exercise its right to withdraw the contract award.

(Signature of individual authorized to bind the reinsurance carrier)

(Date)

COMMONWEALTH OF MASSACHUSETTS

(County)

Then appeared before me the above-named _____

and having been duly sworn stated that the foregoing statements were true and correct.

(Notary Public)

My commission expires:

(Date)

Federal Identification Number: _____

ATTACHMENT - H

Rate History and Miscellaneous Information

Since July 1, 1994, the City of Newton has had the same plans for its employees and its retirees.

The two Tufts plans have been self-insured since July 1, 1994. They are:

Tufts EPO plan
Tufts POS/OOA Plan

The Harvard Pilgrim HMO has also been in place since July 1, 1994. On July 1, 2000 the City chose to self-insure this plan.

The monthly rates for these plans for the last three years are as follows:

July 1, 2008:	Individual	Family
Tufts EPO	\$510.10	\$1,380.57
Tufts POS/OOA	\$782.31	\$1,896.04
Harvard Pilgrim	\$513.98	\$1397.56
July 1, 2009:	Individual	Family
Tufts EPO	\$556.52	\$1,506.20
Tufts POS/OOA	\$819.86	\$1,987.05
Harvard Pilgrim	\$572.31	\$1,554.36
July 1, 2010:	Individual	Family
Tufts EPO	\$556.52	\$1,506.20
Tufts POS/OOA	\$819.86	\$1,987.05
Harvard Pilgrim	\$612.37	\$1,663.17

The monthly rates for the year on which you are bidding will be:

July 1, 2011:	Individual	Family
Tufts EPO	\$628.87	\$1702.01
Tufts POS/OOA	\$926.55	\$2245.37
Harvard Pilgrim	\$655.16	\$1779.41

In the Tufts EPO and POS plans there are 109 members over age 65 who are retired and not eligible for Medicare.

In the Harvard Plan there are 16 members over age 65 who are retired and not eligible for Medicare.

**THE CITY OF NEWTON
HEALTH CENSUS
MAY 2011**

PLAN	STATUS	CITY	SCHOOL	TOTAL	
TUFTS - POS - ACTIVE	I	15	6	21	
11360-000 & 11380-000	F	36	20	56	77
TUFTS - POS - TEACHERS	I		38	38	
11380-100	F		99	99	137
TUFTS - POS - COBRA	I	0	0	0	
11360-001 & 11380-001	F	0	0	0	0
TUFTS - POS - RETIRED	I	27	43	70	
11360-002 & 11380-002	F	9	14	23	93
TUFTS - POS - OOA	I	23	27	50	
11361-000 & 11381-000	F	17	10	27	77
TUFTS - OOA - COBRA	I	0	0	0	
11361-001 & 11381-001	F	0	0	0	0
TUFTS - EPO - ACTIVE	I	184	49	233	
11362-000 & 11382-000	F	317	67	384	617
TUFTS - EPO - TEACHERS	I		327	327	
11382-100	F		305	305	632
TUFTS - EPO - COBRA	I	1	4	5	
11362-001 & 11382-001	F	1	4	5	10
TUFTS - EPO - RETIRED	I	137	46	183	
11362-002 & 11382-002	F	89	34	123	306
TUFTS SUBTOTAL	I	387	540	927	
	F	469	553	1022	
HARVARD PILGRIM	I	77	25	102	
ACTIVE	F	142	45	187	289
HARVARD PILGRIM	I		351	351	
TEACHERS	F		320	320	671
HARVARD PILGRIM	I	34	57	91	
RETIRED	F	31	27	58	149
HARVARD PILGRIM	I	0	5	5	
COBRA	F	1	4	5	10
HARVARD SUBTOTAL	I	111	438	549	
	F	174	396	570	
TOTAL		1141	1927	3068	